

Message Text

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ORIGIN COME-00

INFO OCT-01 CIAE-00 DODE-00 EB-07 NRC-05 NSAE-00 USIA-06

TRSE-00 EUR-12 ERDA-05 ISO-00 NEA-10 /046 R

DRAFTED BY OEA/CD/GABAUER:LWH

APPROVED BY EB/ITP/EWT:AREICHENBACH

COMMERCE/OEA - CBCLEMENTS

NEA/ARN - MMAUGHN

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TO USINT BAGHDAD PRIORITY

AMEMBASSY LONDON

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EXCON

E.O. 11652: N/A

TAGS:ESTC, IZ, UK

SUBJECT:AL HAZEN RESEARCH CENTRE, 624 ARASAT AL-HINDIAH,
KARRADAH AL-SHARKIA, BAGHDAD

REF: OFFICE OF EXPORT ADMINISTRATION/COMPLIANCE DIVISION
INVESTIGATIVE SURVEY CASE 3-198.

LONDON FOR UNDWOOD

1. HAMCO (DIVISION OF KAYEX CORP.), ROCHESTER, N.Y.
RECENTLY SUBMITTED APPLICATION TO OEA FOR EXPORT LICENSE
TO SHIP TWO CRYSTAL GROWING FURNACES, FOUR PRECISION WAFER-
ING MACHINES, FOR WAFER POLISHERS AND OTHER RELATED
EQUIPMENT AND PARTS, TOTAL VALUE 653,756.00 DOLLARS, TO
SUBJECT FIRM. APPLICATION WAS SUPPORTED BY CONSIGNEE/
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PURCHASER STATEMENT WHICH WAS SIGNED BY DR. M. NAKSHBANDI

DIRECTOR, AS PURCHASER AND ULTIMATE CONSIGNEE. NAKSHBANDI ATTESTS THAT THE EQUIPMENT WILL BE USED IN MANUFACTURING PROCESS IN IRAQ AND WILL NOT BE REEXPORTED.

2. THE EQUIPMENT IS STRATEGIC-RATED AND CONTROLLED. SUCH EQUIPMENT, AS WELL AS OTHER RELATED STRATEGIC GOODS, ARE INTEGRAL ITEMS IN ASSEMBLING SYSTEMS FOR PRODUCTION AND TESTING OF INTEGRATED CIRCUITS AND OTHER SEMICONDUCTORS.

3. THE USSR AND OTHER EASTERN EUROPEAN COUNTRIES ARE ATTEMPTING TO OBTAIN VIA INTERMEDIARY PROCUREMENT CHANNELS IN OTHER AREAS LARGE QUANTITIES OF SUCH EQUIPMENT WHICH, GENERALLY SPEAKING, IS NOT REPEAT NOT LICENSED FOR THE USSR ET AL.

4. SINCE OEA RECORDS DISCLOSED NO INFORMATION ON SUBJECT FIRM AND NO EXPORT LICENSES HAD BEEN ISSUED PREVIOUSLY NAMING THE FIRM AS EITHER CONSIGNEE OR PURCHASER CHECKS WERE INITIATED BY THE COMPLIANCE DIVISION. RESULTS THESE CHECKS, INCLUDING THOSE MADE BY OTHER U.S. AGENCIES, DEVELOPED NO IDENTIFIABLE INFORMATION ON THE FIRM. IN OTHER WORDS, VERIFICATION THAT AL HAZEN RESEARCH CENTRE EXISTS IS LACKING.

5. HAMCO WAS REQUESTED TO FURNISH OEA DOCUMENTATION, CORRESPONDENCE OR ANY OTHER RELEVANT DATA TENDING ESTABLISH VALIDITY OF STATED DISPOSITION THIS EQUIPMENT.

THEY REPLIED THAT INITIAL CONTACT WITH BUYER WAS MADE THROUGH HAMCO'S EUROPEAN AND MIDDLE EAST AGENT, KEN WHITE INTERNATIONAL LTD., LONDON.

6. HAMCO FURNISHED COPY TELEX RECEIVED FROM BAGHDAD FIRM WHICH STATES ESSENTIALLY THAT AL HAZEN RESEARCH CENTRE IS A GOVERNMENT FINANCED INSTITUTE TO DO DEVELOPMENT WORK ON ALL TYPES SEMICONDUCTORS FOR EVENTUAL USE OF IRAQ ITSELF. THE EQUIPMENT TO BE PERMANENTLY SITED IN

IRAQ AND USED BY IRAQI NATIONALS ONLY. IRAQI TECHNICIANS TO TRAIN AT HAMCO FACILITY AND HAMCO TO INSTALL AND LIMITED OFFICIAL USE

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COMMISSION EQUIPMENT ON SITE IN IRAQ IN JUNE 1976. DR. NAKSHBANDI WILL WELCOME VISIT FROM QUOTE AMERICAN EMBASSY IN BAGHDAD UNQUOTE FOR FURTHER PROOF.

7. PAYMENT THIS TRANSACTION THROUGH RAFIDAIN BANK (42/ SHORJA BRANCH) IRREVOCABLE CREDIT NO. 42/5537, DATED 18 DEC. 1975 AND VALID UNTIL 18 JUNE 1976. L/C CALLS FOR 601,456. DOLLARS (NOTE: TOTAL ON LICENSE APPLICATION

653,756. DOLLARS) TO BE PAID THROUGH IRVING TRUST,
NY TO HAMCO.

8. IN VIEW PAR. 3 AND 4 FOREGOING DATA RE BAGHDAD
FIRM NOT SUFFICIENT OEA PURPOSES TO PERMIT ISSUING
EXPORT LICENSE. REQUEST USINT ATTEMPT ESTABLISH BONA FIDES
OF THE CENTRE AND PURPORTED END-USE THE EQUIPMENT. IN

ORDER FOR THE CENTRE TO PERFORM QUOTE DEVELOPMENT WORK ON
ALL TYPES OF SEMICONDUCTORS UNQUOTE AND TO GO INTO
PRODUCTION CERTAIN CONDITIONS ORDINARILY ATTEND SUCH
ACTIVITY, NAMELY, (A) PURCHASE OF EQUIPMENT BY AN
ESTABLISHED FIRM (B) EMPLOYING HIGHLY SKILLED
TECHNICIANS (C) TOTAL NUMBER EMPLOYEES IN 50 TO 100 RANGE
(D) THE SPACE FOR EQUIPMENT INSTALLATION TO CONFORM TO
LABORATORY STANDARDS (CONTROLLED TEMPERATURE, FILTERS
ETC.) AND (E) AN OVERALL SEMICONDUCTOR MANUFACTURING/
TESTING FACILITY WOULD CONSIST OF SEGREGATED OPERATIONS

FOR VARIOUS STAGES OF PRODUCTION SUCH AS SLICING,
POLISHING, CHEMICAL PHASE AND PHOTO AREA ETC.

9. OEA/CD DOES NOT WISH TO DELAY LICENSING PROCEDURE
BECAUSE, INTER ALIA, OF ANTICIPATED CONGRESSIONAL INTEREST
AND FACT THE TRANSACTION, FROM FINANCIAL STANDPOINT,
IMPORTANT TO HAMCO. HOWEVER, IN CONDUCTING APPROPRIATE
INVESTIGATION USINT SHOULD BEAR IN MIND THAT DIVERSIONS
TO USSR AND OTHER EASTERN EUROPEAN COUNTRIES OF STRATEGIC
GOODS HAVE OCCURRED, OR ATTEMPTS TO DIVERT MADE,
WITH ASSISTANCE BY PARTIES IN MIDDLE EAST.

10. USINT REQUESTED TO CABLE INTERIM OR FINAL REPORT
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ASAP.

11. ANY INFO. ON KEN WHITE INTERNATIONAL LTD.
APPRECIATED. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORT LICENSES, SEMICONDUCTOR DEVICES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE081690
Document Source: CORE
Document Unique ID: 00
Drafter: LWH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760128-0374
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760495/aaaadedm.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by BoyleJA>; APPROVED <08 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: L HAZEN RESEARCH CENTRE, 624 ARASAT AL-HINDIAH, KARRADAH AL-SHARKIA, BAGHDAD
TAGS: ESTC, IZ, UK, HAMCO, AL KAZEN RESEARCH CETRE
To: BAGHDAD LONDON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006